



Health Services
LOS ANGELES COUNTY

June 19, 2007

**Los Angeles County
Board of Supervisors**

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**THE COMMUNITY HEALTH PLAN - VARIOUS IHSS-RELATED
AGREEMENTS AND THE LOCAL INITIATIVE AGREEMENT
(All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Health Services (hereafter Director) or his designee, to: a) offer and execute Amendment No. 3 to Agreement No. H-213335, substantially similar to Exhibit I, with Personal Assistance Services Council (PASC) to extend the term of the PASC-Service Employees International Union (PASC-SEIU) Homecare Workers Health Care Plan Group Benefit Agreement, effective July 1, 2007 through December 31, 2007; and b) delegate authority to the Director, or his designee, to extend and amend Agreement effective January 1, 2008 up to December 31, 2011, subject to prior review and approval by County Counsel and the Chief Administrative Office (CAO), and notification to the Board within thirty days of full execution of the Amendment(s).
2. Approve and instruct the Director, or his designee to: a) offer and execute Amendment No. 2, substantially similar to Exhibit II, with In-Home Supportive Services (IHSS) Program providers listed in Attachment B, for the continued provision of health care to eligible IHSS workers, effective July 1, 2007 through December 31, 2007, at an estimated total cost of \$5.5 million partially offset by Federal and State funds as set forth herein, and b) delegate authority to the Director, or his designee, to offer and execute future Amendments to the provider Agreements during the term of the program to: a) extend the term and incorporate provisions consistent with the related funding PASC-SEIU Group Benefit Plan Agreement, all applicable State law and regulations, County Ordinance, and Board Policy; b) adjust rates on a prospective basis based on actuarially sound guidelines reviewed and approved by County Counsel and the CAO; and c) make appropriate changes in contract language to improve clarity and correct contract deficiencies, errors, and omissions, contingent upon prior review and approval by County Counsel and the CAO, and notification to the Board within thirty days of full execution of the Amendment(s).
3. Approve and instruct the Director, or his designee, to: a) offer and execute Amendment No. 8 to Agreement No. H-213337, substantially similar to

- Exhibit III, with L.A. Care Health Plan (L.A. Care) for the continued provision of Administrative Support and Nurse Advice Line Services to Community Health Plan (CHP) Members enrolled under the IHSS Program, effective July 1, 2007 through December 31, 2007, at an estimated total cost of \$1.4 million, partially offset by Federal and State funds as set forth herein; and b) delegate authority to the Director, or his designee, to extend the Agreement, effective January 1, 2008 through June 30, 2008, subject to prior review and approval by County Counsel and the CAO, and notification to the Board within thirty days of full execution of the Amendment(s).
4. Delegate authority to the Director, or his designee, to: a) extend Agreement No. H-207980 with L.A. Care effective July 1, 2007 up to December 31, 2007, b) negotiate and execute a Replacement Agreement during the extension term, effective the first day of the month following the date of successful contract negotiations by both parties up to March 31, 2009, and c) execute future Amendments to the Replacement Agreement, contingent upon prior review and approval by County Counsel and the CAO, and notification to the Board within thirty days of full execution of the Amendment(s).
 5. Delegate authority to the Director, or his designee, to offer and execute Board-approved standard form Service Agreements, as may be amended from time to time, for any or all CHP product lines with providers listed in Attachment C, or other providers provided that CHP requires such Agreements to increase capacity or access for its members, and that such providers meet CHP's contracting criteria listed in Attachment D, contingent upon prior review and approval by County Counsel and the CAO, and notification to the Board within thirty days of full execution of the Amendment(s).
 6. Delegate authority to the Director, or his designee, to offer and execute new Fee-for-Service Agreements with State licensed hospitals located in Los Angeles County, for any or all CHP product lines, during the term of each respective program (e.g. Managed Risk Medical Insurance Board Healthy Families Program will expire June 30, 2008) provided that such Agreements will increase capacity or access for all its members and that such providers meet the CHP's contracting criteria listed in Attachment D, all contingent upon prior review and approval by County Counsel and the Chief Administrative Office, with notification to the Board within thirty days of execution of the Agreements.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The Department of Health Services (DHS or Department) is recommending approval of these actions to enable the CHP to: a) ensure continued funding and access to health care for eligible IHSS workers; b) ensure continued provision of administrative support and nurse advice line services for the PASC-SEIU Health Care Plan; c) ensure continued funding and provision of health services, including nurse advice line services, to Medi-Cal beneficiaries enrolled in CHP; and d) offer Board-approved and new fee-for-service standard form service Agreements with qualified providers to increase services or access to care for any or all CHP product lines.

FISCAL IMPACT/FINANCING:

PASC-SEIU Group Benefit Agreement

The CHP receives a per member, per month capitated rate from PASC for each IHSS worker enrolled in the CHP. These rates are kept confidential in accordance with Section 1457 of the California Health and Safety Code, and have been shared with each Board Office, the CAO, and County Counsel.

PASC-SEIU Health Care Plan - Provider Agreements

CHP receives funding from PASC on a capitated per member per month basis for each subscriber enrolled in CHP. The total estimated cost for the IHSS Provider Agreements is \$5.5 million during the extension period. Based on current cost-sharing ratios, the IHSS Provider Agreements are 82.3% offset by Federal and State funds, with the remaining 17.7% covered by net County cost.

PASC-SEIU Health Care Plan – Administrative Support Services

CHP receives funding from PASC on a capitated per member per month basis for each subscriber enrolled in CHP. The total estimated cost for the Administrative Support Services Agreement with L.A. Care is \$1.4 million during the extension period. Based on current cost-sharing ratios, the L.A. Care Administrative Support Services Agreement is 82.3% offset by Federal and State funds, with the remaining 17.7% covered by net County cost. L.A. Care will continue to provide or arrange for the provision of nurse advice line services for the duration of the term for IHSS members at no additional cost to County.

The increase in the estimated cost of the Amendments for PASC-SEIU Health Care Plan Provider Agreements and Administrative Support Services is attributed to the projected increase in IHSS member enrollment per the Office of Managed Care/Community Health Plan's proposed Strategic Planning for Fiscal Year (FY) 2007-08.

Funding has been requested in DHS' FY 2007-08 Final Change Budget Request and will be requested in future fiscal years.

Plan Partner Services Agreement – Medi-Cal Program

CHP receives a per member, per month capitated rate from L.A. Care for each Medi-Cal beneficiary enrolled in the CHP. These rates are kept confidential in accordance with Section 1457 of the California Health and Safety Code, and have been shared with each Board Office, the CAO, and County Counsel.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The CHP is a full-service Knox-Keene licensed (since 1985) and federally qualified Health Maintenance Organization (since 1988) operated by the County of Los Angeles and administered by the Department's Office of Managed Care, providing health services at low or no cost through the Medi-Cal Managed Care Program, Healthy Families Program, and PASC-SEIU Homecare Worker Health Care Plan.

PASC-SEIU Group Benefit Agreement

On March 27, 2001, the Board mandated that DHS implement the provision of a health care benefit program for IHSS workers in Los Angeles County, under the CHP's State Department of Managed Health Care (DMHC) Knox-Keene license.

On January 8, 2002, the Board approved the development of the PASC-SEIU Health Care Plan, through expansion of the CHP and as approved by the DMHC, for eligible IHSS workers in Los Angeles County through June 30, 2007. PASC, the employer of record for the IHSS workers, established an agreement with the Services Employee International Union (SEIU), the bargaining unit representing IHSS workers, to provide health care benefits to its employees who are authorized to work a minimum of 112 hours each month for two consecutive months. On September 6, 2003, the Board approved lowering the eligibility to 80 hours per month for two consecutive months.

On June 13, 2006, the Board approved an amendment to the PASC-SEIU Group Benefit Agreement to increase the rates paid to the CHP to provide or arrange for the provision of health care eligible IHSS workers under the PASC-SEIU Health Care Plan.

The Department is recommending the extension of the term of the PASC-SEIU Group Benefit Agreement for six months through December 31, 2007, under the same terms and conditions to allow the parties to complete negotiations regarding rates and other issues for a longer term extension. Upon Board approval, the Department will also be granted the authority to offer and execute future Amendments to extend the term of the Agreement up to December 31, 2011, as well as amend Agreement to include but not limit changes in: a) applicable State law and regulations, b) funding and eligibility requirements, and c) Board ordinance and policy; and to make appropriate changes to the Agreement to improve and clarify contract deficiencies, errors and omissions, all contingent upon prior review and approval by County Counsel and the Chief Administrative Office.

PASC-SEIU Health Care Plan - Provider Agreements

The PASC-SEIU Health Care Plan provides health care benefits to uninsured or under-insured homecare workers and their newborn infants. As employees of PASC, these workers enable eligible seniors or persons with disabilities to remain safely in their own homes by providing personal care services, domestic services, accompaniment to medical appointments, and other health and personal care services.

On January 8, 2002, the Board approved the PASC-SEIU Health Care Plan standard agreement with service providers effective upon Board approval through June 30, 2006. On June 13, 2006, the Board approved the extension of the agreements through June 30, 2007.

The Department recommends extending the service agreements for six months through December 31, 2007, under the same terms and conditions, to allow final determination of new and/or revised terms and conditions that may result from the negotiations with PASC.

PASC-SEIU Health Care Plan - Administrative Support Services

On June 8, 2002, the Board approved the Administrative Support Services with L.A. Care to assist CHP with administrative services related to the administration of PASC-SEIU Health Care Plan. These

services include claims processing, member services, utilization review, and management information systems. On subsequent occasions, the Board approved Amendments to amend and extend the Agreement through June 30, 2007. The Department recommends extending the Agreement through December 31, 2007, under the same terms and conditions to allow time to complete negotiations by both parties of a further extension through June 30, 2008.

Nurse Advice Line

Nurse Advice Line services provide free telephonic medical advice and referrals by specially trained registered nurses, physician assistants, licensed physicians, and surgeons. Such advice and referrals reduce the number of unnecessary visits to hospitals and physicians by IHSS members and Medi-Cal beneficiaries with minor illnesses and injuries.

Plan Partner Services Agreement – Medi-Cal Program

On February 11, 1997, the Board approved the Plan Partner Services Agreement/Medi-Cal Program Agreement with L.A. Care. On subsequent occasions, the Board approved a Replacement Agreement effective December 2002 and amendments through June 30, 2007.

Negotiations with L.A. Care for a Replacement Agreement are ongoing. The Department recommends extending the existing agreement effective July 1, 2007 up to December 31, 2007 to allow both parties to complete their negotiations and execute the Replacement Agreement, which shall be effective the first day of the month following the date of successful contract negotiations by both parties up to March 31, 2009. The Replacement Agreement will align the term of the agreement with other L.A. Care Plan Partner Services Agreements, including Blue Cross of California, Care 1st Health Plan, and Kaiser Permanente. As with the existing Agreement, the Replacement Agreement will comply with all applicable State laws and regulations.

Standard Form Service Agreements for All CHP Product Lines

In 1998, 2000, and 2002, the Board approved standard form service Agreements for CHP's Healthy Families Program, Medi-Cal Managed Care Program/County Temporary Employees Program, and IHSS product lines, respectively. Also, the Board had delegated authority to the Department to offer and execute these Board-approved Agreements to potential providers meeting CHP's specified criteria and provider network needs. The Department is requesting continued delegated authority to offer these Board-approved standard form service Agreements under the same criteria to increase service capacity or access for CHP members.

New Fee-for-Service Standard Form Hospital Agreements for All CHP Product Lines

CHP's customary method of reimbursement for contracted health care services is based on capitation, an amount paid to a physician group or hospital on a certain fixed rate per member per month, whereby such rates are actuarially sound based on utilization and cost data. The main advantage of a capitation agreement is that providers have no incentive to provide more services than are medically necessary. The fee is paid whether or not services are rendered, and it provides a consistent source of revenue for the providers and enables CHP to control the rising costs of health care.

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For hospitals, however, a discounted fee-for-service or per diem arrangement is commonly used by other health plans. As a result, certain current CHP capitated contracted hospitals will not renew their existing agreements with CHP and are now requiring a shift from the capitated agreement to fee-for-service agreement. The new fee-for-service agreement will also be offered to potential hospital providers who are critical to increase CHP's service capacity or access to care, and that such arrangement is requested by the hospital, subject to providers meeting CHP's contracting criteria.

Attachment A provides additional information.

Exhibits I, II, and III have been approved as to form by County Counsel.

CONTRACTING PROCESS:

It is not appropriate to advertise these amendments and agreements on the Los Angeles County Online Website.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Services provided to CHP members will continue uninterrupted.

When approved, this Department requires four signed copies of the Board's actions.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:ln/ss
BL - OMC PASC.ds.wpd

Attachments (4)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENTS

1. Type of Services:

The Community Health Plan (CHP) provides or arranges for health benefit services, including nurse advice line, for: a) In-Home Supportive Services (IHSS) workers who meet certain eligibility requirements for the IHSS Worker Health Benefits Program, funded with Federal, State, and County funds under the terms of the Personal Assistance Services Council-Services Employees International Union Homecare Worker Health Care Plan (PASC-SEIU Health Care Plan), and b) Medi-Cal Managed Care Program beneficiaries delivered through a combined network of County facilities and contracted providers. The CHP also arranges for administrative support for the PASC-SEIU Homecare Worker Health Care Plan through an Agreement with L.A. Care Health Plan.

2. Agencies and Contact Persons:

Personal Assistance Services Council (PASC)
4730 Woodland Avenue, Suite 405
Sherman Oaks, California 91423
Attention: Ron Osterhout, Chief Executive Officer
Telephone: (818) 206-7006

Howard Kahn, CEO
L.A. Care Health Plan
555 West Fifth Street, 29th Floor
Los Angeles, CA 90013
Telephone: (213) 694-1250 ext. 4151

Various IHSS Providers – the names and address of each Provider are on file with CHP.

3. Term:

<u>Contractor</u>	<u>Agreement No.</u>	<u>Term/Effective Date</u>
PASC	H-213335-3	07/01/07-12/31/07
Various IHSS Providers	Various	07/01/07-12/31/07
L.A. Care Health Plan	H-213337-8	07/01/07-12/31/07
L.A. Care Health Plan	H-207980-11	07/01/07-12/31/07

4. Financial Information:PASC-SEIU Group Benefit Agreement

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5. Geographical Area to Be Served:

Countywide.

6. Accountable for Monitoring:

Office of Managed Care

7. Approvals:

Office of Managed Care: Teri Lauenstein

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel: Edward Yen, Deputy County Counsel